

## **Tri-Cities Town Hall meeting**

**June 11, 2002**

**Workforce Training Center, Columbia Basin College, Pasco**

About 25 people attended the seventh Medicaid and SCHIP Reform Waiver hearing in Pasco on June 11. The state's economic situation was outlined by Larry Laux, Director of the Medical Assistance Administration's Division of Budget and Finance. The waiver itself was outlined by Roger Gantz, MAA Director of Policy and Analysis.

Key discussions during the evening included:

- **Revenue sources:** Should the waiver be prepared and submitted in advance of legislative decision-making about the prospect of increasing revenues – finding new revenue sources or raising taxes? The audience was not unanimous, although many speakers said they were in favor of increasing resources for health care. A few said taxpayers should not contribute more to support the rapidly increasing cost of Medicaid.
- **Increased access:** Access to providers has emerged in many of the Town Hall meetings as a primary topic, often tied to the description of the proposed co-payment that would be applied to non-emergent use of hospital emergency rooms. Hospital representatives at the meeting decried the logistics of collecting the co-pays and speculated that the administrative cost of collecting the co-pays would exceed the amount of revenue actually collected. Social workers and stakeholders criticized the chilling effect of co-pays on people who have no other means of accessing primary care. Gantz and Laux, a former hospital fiscal manager, both stressed that MAA would take the responsibility of developing a reasonable plan that would address those concerns. Some creative solutions that might be studied include a nurse hotline or some other kind of consultation available at the emergency room to review client care and make sure both non-emergency and emergency needs would be covered.
- **Premiums:** Some participants in this Town Meeting argued that premiums would be set far too high if they rose to a level of 5 percent of a family's income. (The 5 percent level has been cited in some of the waiver material as a ceiling that would not be exceeded.) In fact, the actual discussions that have taken place in Town Meetings have placed the amount at \$5 to \$15 a month, with a cap of about \$25 for larger families. A few of the Pasco participants argued forcefully that the waiver's proposed premiums were too low, far below what individuals and families have to pay when they purchase insurance in the private insurance market. Gantz said the purpose of the waiver's premiums was fourfold: 1) To have families and individuals participate in the cost of their insurance; 2) To change behavior so that clients are helping to achieve more efficient care; 3) To raise money that will help pay for health-care expenditures by the state; 4) To show both legislators and stakeholders that Medicaid clients place value in their medical assistance.

## **Written testimony: NAMI in Tri-Cities opposes Medicaid & SCHIP Reform Waiver**

► “The opening presentation, part of it talks about Initiative 601 limit. It's my understanding...that's been passed enough years ago that a simple majority of the Legislature could raise taxes above that limit... The Legislature on its own initiative could change it because...the Initiative was passed nine years ago, (and) it just takes a simple majority to amend, or change it...”

► “No. 1, I kept my insurance on COBRA.. it costs \$4,100 a year to keep my COBRA...and that’s a total of \$6,100 a year for my insurance coverage and health-care costs.... No. 2, it never ceases to amaze me the number of young women who are on Medicaid...They spend \$40 or \$60 for their fingernails and yet they’re on Medicaid. I know a young woman who is on Medicaid....(and) if she doesn’t go out to Burger King she has a pizza delivered. If she didn’t get her \$1.50 latte every day, she’d go crazy...They can afford MORE than \$10 a month...I think it’s shameful that you wouldn’t charge more than that....”

► “Who are you going to exclude?...How many of those who just arrived in the country are on Medicaid versus those who are citizens?”

► “I’m trying to understand what you’re saying, and I’m hearing that there’s no challenging the fairness of that budget...You’re just saying this is how that works. Do I understand that right?”

► “What I see as the problem if you put too much squeeze on this part, it’s going to bulge somewhere else...We’ll see costs increase for jails, for other things...The point is they’re not going to go unserved in terms of health care, the state will still pay the bill....But it would be nice if we can pay for it on the preventive, sensible side...”

► “These people go to the emergency room now because nobody will accept coupons...”

► “I’m glad we’re talking about the reality of what happens about hospitals because I represent the hospital and I have a good idea of what will and won’t happen...I think what we’re going to see is that this will be another unfounded mandate for hospitals...”

► “Does the state have a billing program available to it? One of the thoughts I had is to take the co-pay unfunded mandate and to use that billing system to replace the unworkable co-pay and have the state recover the money in billing.”

► “People go to the emergency room for two reasons -- it is either because it is an emergency or it is the only reasonable place to get care...The customer is going to have to absorb it, and somehow the hospital will have to turn down some of the patients...and that’s a problem if it doesn’t include care in a timely way...”

► “Thinking logistically, who determines what constitutes an emergency? ...I think by the time you have determined it’s emergency or non-emergency care, you’ll have already provided treatment...”

► “(Co-pays and premiums) begin to turn financial responsibility back into the equation...I’m not against what we’re talking about...I just have concerns...it would be nice to reverse that trend....turn that 900,000 enrollees back to 400,000...”

► “We’re trying to put together a free clinic, but aside from pumping up the reimbursement, the only options we can see are a referral system.... But whatever percentages we work out...the state has low-pay problem...The chances of getting a large enough group to staff a free clinic is in fact better...if we can find a way to solve the malpractice insurance cost...We have several retired physicians and they’re really able to work but have chosen not to who would be willing to work in a

free clinic...but again, except for the malpractice... Is there anything you could do ...that allows...physicians to work in a free clinic ...without having to pay for malpractice insurance... Am I talking to the right people?

► “About 8-10 years ago, you instituted a program of charging \$1 co-pays on drugs – I’m not sure if it covered all Medicaid clients or just part of them....Anyway, it lasted more than a year...We’re a small community pharmacy system...and I didn’t even have one client who would accept paying that \$1...So we had to go through the rigamarole of seeking full payment...Even on the limited number of drugs, there is a way to get around that if you have the cooperation of providers....But I just don’t think you’re going to get a favorable response on the drug co-pay issue.”

► “Also, we can’t substitute therapeutically...We have to substitute the exact product that’s been shown to be equivalent...”

► “I don’t agree with the idea that people are asking for drugs based on the television commercials. I don’t think that’s the case, and I don’t think most people are doing that...I think there’s a difference between the brand name and the generic, and I think people know the difference...I don’t think that advertising makes anybody do that.”

► “Most of us don’t really know what 200 percent of the federal poverty level is...”

► “You’re asking what is a bearable amount for premiums?...The information we were given to prepare for this hearing...says cost-sharing would be 5 percent on average...Five percent of a family’s income at low incomes would be a BIG bite...What a minimum is, I wouldn’t have good guidance...But the waiver also suggests 5 percent would be that level ON THE AVERAGE, which means some higher and some lower. ...That’s distasteful to our organization, the National Alliance for the Mentally Ill....many of us have family members with a very serious ....mental illness. The information we have is what you gave us and it does not say anything about the drugs used to treat mental illness...Now you say that’s not what you’re going to do....Now you say that you won’t do that...But we don’t have those specifics. You surely have a draft ready to go. Why wasn’t that draft made available for us to review...?”

► “I received four doses of cancer therapy for \$24,400. How much would have Medicaid paid for that? I essentially put every dollar of my 401k program into this because I became dirt poor so I could qualify for Medicaid...while you’re letting all of these people get this coverage essentially for free...There’s no reason why people who are getting free care shouldn’t pay something...Let them lay off their lattes...”

► “If you’re going to charge a premium...the concern that I have ...why don’t we all share in the cost? ...If we make it so high that all of the optional people, they don’t respond to it...then what’s going to happen? It’s going to be an unfunded mandate again for health care providers...Someone has got to pay for it, and that’s going to be the providers.”

► “Until just recently, that’s been the experience. When they don’t need care, they don’t bother with it. That’s how people have reacted in the past. People come on the plan when they need expensive care...Do we have pre-existing condition exclusions? Or other controls to discourage this?”

► “What about a payroll deduction? Could you take funds out of someone’s paycheck automatically?”

► “If you miss two or three payments, then you’re penalized and you have to go on a waiting list. What happens to people who only work 8 or 9 months out of a year? ...What happens to the farmworker who comes to this state? ...Are they going to be expected to pay it, given the fact they may be moving back to their home state in a few months? ...Have you given any consideration to those variables?”

► “Have you thought about the premium based on the number of people in a family? ...That’s logical and that’s the way most insurance premiums are set.”

► “I was just wondering if you had any idea what the administrative costs would be on this premium idea? ...If your population that’s paying the premium regards it as unjust and unfair, that would raise your administrative costs considerably, so I’d be very careful about how you go about that...”

► “In terms of the SCHIP money that you cannot spend because the state already covers kids up to 200 percent of poverty...is there any way to go back in there and use the federal money now in other ways...by saving what’s in there now, you could use SCHIP money...”

► “With regard to premiums, could you find out from employers how much a person -- say you earned \$24,000 a year and had a family of four -- how much would that person with an employer would pay for his insurance...if they’re able to get it through their employer?”

► “Here’s what I think we’re talking about: We have people who have no other recourse and some of those people came from outside...And once they were inside the system...you were optimistic and you helped them onto the boat...But now the boat is leaking...and now you’re thinking of putting some of those people on little life rafts and some of them are going on a little life raft called Basic Health...and you’re saying to the Legislature that we still want to help some people, but we can’t help them quite the same way as we did before because we don’t have the money...So you want to charge them \$5 or \$10 a month to be in that program now....”